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## Level 3 Business Studies, 2019

### 91381 Apply business knowledge to address a complex problem(s) in a given global business context

9.30 a.m. Friday 8 November 2019  
Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Apply business knowledge to address a complex problem(s) in a given global business context.	Apply in-depth business knowledge to address a complex problem(s) in a given global business context.	Apply comprehensive business knowledge to address a complex problem(s) in a given global business context.

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

**There is ONE task in this booklet. You should attempt ALL FOUR parts of the task.**

Pull out Resource Booklet 91381R from the centre of this booklet.

Refer to relevant business knowledge and/or Māori business concepts in your answers.

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–12 in the correct order and that none of these pages is blank.

**YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.**

TOTAL

ASSESSOR'S USE ONLY

*Reid Steel*, originally a New Zealand-owned company, became a subsidiary of a Chinese firm, *Gang Wuding*, when it was purchased in 2013. *Reid Steel* produces iron slag at a factory in Whangarei. Production utilises a highly technical process that converts ironsand into molten iron, and then iron slag. The iron slag is then sent on ships from Ports of Auckland to China, where it is processed into finished roofing iron at the *Gang Wuding* factory.

In 2017, senior management at *Gang Wuding* expressed an interest in expanding production of iron slag from the *Reid Steel* factory. They understand that this will have to be done with minimal impact on the environment, as sustainability is important to the owners of *Gang Wuding*. An example of *Gang Wuding* being sustainable is always choosing transport options with the lowest negative impact on the environment.

The increase in the supply of iron slag will enable the company to produce enough roofing iron to break into the United States market. The CEO at *Reid Steel* has decided that to increase production, *Reid Steel* will need to shift its production facility to a new site at Whatawhata in the Waikato region. This will reduce distance travelled and provide easy access to the Port of Tauranga.

(a) Using Resources A, B, C, and D, fully explain TWO causes of *Reid Steel's* decision to shift its production to the Whatawhata site in the Waikato region.



(b) Using Resource E, fully explain ONE possible negative effect and ONE possible positive effect of *Reid Steel* building a pipeline to transport ironsand to the Whatawhata site.



(c) Using Resources F, G, and H, evaluate BOTH possible new oven solutions.

- fully explain ONE positive effect that EACH solution would have on the business
- state the solution you recommend
- justify your recommendation, including any new information, by explaining why it would be a better solution for *Reid Steel* than the other solution.



As a result, *Gang Wuding* is considering two options to solve the tariff issue. The first option is trans-shipping – this would mean shipping the roofing steel through Vietnam, and labelling it as ‘From Vietnam’. The second option is for *Gang Wuding* to establish a production facility in the United States.

- In your answer:

- fully explain ONE positive effect that EACH solution would have on the business
- state the solution you recommend
- justify your recommendation, including any new information, by explaining why it would be a better solution for *Gang Wuding* than the other solution.





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**Write the question number(s) if applicable.**

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